B8150-1(W)

PACIFIC 1® NORTHWEST INDUSTRIES

SEAFIRST CORPORATION

Annual Review
June 1984

METROPOLITAN FOCUS

Over the decades, rural lifestyles gradually have given way to a more metropolitan mode of living. In a mobile society, the flow has not been entirely one way; recent years have seen a noticeable countertrend toward smaller cities and rural areas. On balance, however, growth in the proportion of the population living in areas classified as metropolitan continues. Nationwide, the 318 areas classified as metropolitan in the 1980 Census were home to three-fourths of the nation's population.

The choice in favor of metropolitan living may be one of attraction, necessity, accident, or default. Simple economies of scale permit metropolitan areas to offer some attractions—social, cultural, educational—which cannot efficiently be provided in less densely settled areas. The necessity of employment also has swung in favor of metro areas: the family farm is giving way to large-scale, capital-intensive corporate agriculture; other rural jobs based on extracting and processing natural resources comprise a shrinking proportion of the total job market; meanwhile, expanding industries favor areas with sizable labor pools and well-developed transportation and distribution networks. Third, many people simply stay where they were born, and areas already urban have a large base on which to build. Finally, some previously rural areas become metropolitan by default, as growing communities—with inmigration or without—pass size and density thresholds for inclusion in the metro classification. Indeed, the proportion of U.S. population in metropolitan areas climbed from 68 percent in 1970 to 75 percent in 1980. The number of areas *classified* as metropolitan, however, rose from 243 to 318 during the same period; the population share of the broader group of 318 areas actually declined slightly during the decade.

Cover photo: Seattle Skyline. *Courtesy Port of Seattle.*

Within this group, areas growing more rapidly than the overall population were basically offset by those growing more slowly—or even losing population, as was the case with such major centers as New York, Philadelphia, and Detroit. Reclassifications to metropolitan status by 1980 therefore accounted for all of the metropolitan population share gain during the Seventies.

Residents of the Pacific Northwest choose from an array of urban, suburban, and rural lifestyles—not surprising considering the diversity represented by the individual states of Washington, Oregon, Idaho, Montana, and Alaska. Overall, about two-thirds of Northwesterners were metropolitan area residents in 1980, up from a little more than half ten years earlier. As was the case nationwide, however, the increase in metropolitan share came from more areas meeting the metro size standards in 1980—sixteen areas compared to nine in 1970—rather than from more rapid metropolitan population growth rates.

In character with its long-standing ties to the land and sea, the Pacific Northwest remains less urban than the nation as a whole. Livelihoods pursued in the region reflect this tradition. Forest, farm, seafood, fuel, and other mineral products are all important mainstays of the regional economy. Goods production has diversified over the years, however, especially in Washington and Oregon. Among the Northwest states, Washington has the highest proportion of residents living in metropolitan areas: over 80 percent in the 1980 Census year. Oregon follows, at 65 percent, while Idaho and Montana were 75-to-80 percent rural. Alaska—while singly accounting for well over half of the Northwest land area—nevertheless packs over 40 percent of its residents into Anchorage, the state's one metropolitan area.

While an abundance of farm, forest, and grazing lands encourages a rural lifestyle to some extent; the Northwest's resource ties, along with other factors, also influence the nature and location of urban concentrations. Metropolitan areas serve as central service and distribution hubs for surrounding rural areas; the presence of world-class harbors fosters urban development focused on shipping activity, including the export of bulk resource commodities; proximity to natural amenities is believed to encourage tourism and conventions.

The notion of a metropolitan area seems obvious enough on the surface. Yet government agencies must follow strict and sometimes complex rules to separate metropolitan from rural. For practical purposes of data collection and reporting, metropolitan statistical areas (MSAs) normally are defined by county boundaries, although there are exceptions such as boroughs in Alaska. The basic intent is to associate sizable central cities with their surrounding suburbs and with other cities and towns closely related by commuting patterns.

While the rules for defining MSAs are complex, most metro areas are selected on the basis of only a few criteria; the remaining standards are available to sort out borderline cases. Effective in June 1983, selection criteria were redefined. Most areas qualify under the simple requirements of a central city population of at least 50,000 and a total metropolitan area (central core county) population of at least 100,000. Adjoining counties may be included if they meet specified thresholds of population density and/or commuting patterns with the central county. Metro areas with populations exceeding one million are treated uniquely under the new definitions. These largest areas often include component cities (and counties) which are important urban centers in their own right, while retaining considerable interaction with the principal metropolitan core. In these cases, the "greater" metro area is designated a Consolidated MSA (CMSA) and the components become Primary MSAs (PMSAs). In the Pacific Northwest, two of the sixteen metro areas are designated CMSAs with component PMSAs. All others now are called MSAs.

A DECADE OF GROWTH
Pacific Northwest Areas and U.S. Total: 1970 - 1980

	Population		Per Capita Personal Income		Nonagricultural Employment	
Area	1980 (000's)	% Change 1970-1980	1980 (dollars)	% Change 1970-1980	1980 (000's)	% Change 1970-1980
Seattle-Everett, WA	1,607	13	11,738	160	783	52
Tacoma, WA	486	18	9,222	131	142	33
Spokane, WA	342	19	8,860	145	128	42
Yakima, WA	173	19	8,978	175	53	43
Bremerton, WA	147	45	10,101	148	46	58
Richland-Kennewick-Pasco, WA	144	55	10,025	164	59	103
Olympia, WA	124	62	10,064	140	42	58
Bellingham, WA	107	30	8,588	140	36	50
Portland, OR/Vancouver, WA	1,243	23	10,636	146	557	45
Eugene, OR	275	28	8,449	158	103	47
Salem, OR	250	34	8,522	149	88	60
Medford, OR	132	40	8,134	158	44	64
Boise, ID	173	54	9,590	135	79	89
Billings, MT	108	24	9,722	161	47	67
Great Falls, MT	81	(1)	8,893	136	29	20
Anchorage, AK	174	38	14,400	163	79	88
Total Metropolitan	5,566	23	9,999	143	2,313	51
Total Nonmetropolitan	3,332	24	9,224	171	1,119	47
Total Pacific Northwest	8,898	23	9,709	162	3,434	50
Total United States	226,546	11	9,503	141	90,406	28

Sources: Population, Bureau of the Census; Per Capita Personal Income, Bureau of Economic Analysis; Nonagricultural Employment, state employment departments and Bureau of Labor Statistics.

SIXTEEN SPECIAL PLACES

SEATTLE: Hub of Central Puget Sound The Seattle-Everett metropolitan area is the largest and most densely populated of the Pacific Northwest metro centers. Resident population in 1983 was estimated at 1.68 million. Under the new metropolitan definitions, the area retains the same boundaries, including King and Snohomish counties, but is renamed the Seattle PMSA. Together with the Tacoma PMSA to the south, the combined areas comprise the Seattle-Tacoma CMSA and are home to 2.18 million residents—about half the population of Washington State and approaching one-fourth of the Pacific Northwest total.

Over the long term, growth in the Seattle PMSA has substantially outpaced that of both Washington State and the region as a whole. From 1950 to 1980, population nearly doubled and nonfarm employment more than tripled. Growth has not progressed smoothly, however, but has been interrupted periodically with moderate-to-severe setbacks related to national business recessions.

The Seattle area provides an excellent example of a metropolitan complex which retains ties to the Northwest resource base, while diversifying into totally unrelated fields. Location on Puget Sound, with its natural, sheltered, deep-water harbors has been influential throughout the history of the area. Development of natural resources, especially forest products, was also a spur to early growth. Now the economic base spans varied manufacturing activities complemented by a broad role as a distribution and service support center for western Washington and the Pacific Northwest as a whole.

On average during 1983, about one in every five nonfarm jobs in the Seattle PMSA was in manufacturing. Over two-thirds of these jobs, or about 14 percent of the total, were in industries related to capital goods investment, especially spending for new equipment. Aerospace alone accounted for over 8 percent of all jobs; this essentially represents development and production of Boeing aircraft, defense hardware, and other products in Puget Sound area plants extending from Everett to Auburn. From an industry concentration standpoint, aerospace has receded considerably from the peak 19 percent of all nonfarm employment reached in 1968—before both commercial jet orders and government contracts plummeted in 1969 and 1970. The balance of manufacturing employment last year (11 percent of all nonfarm jobs) was about evenly split between other producers of goods supplying the defense hardware and business investment markets—including metals, machinery, ships, trucks, and instruments—and a diverse group including forest products manufacturing, food processing, printing and publishing, and miscellaneous smaller sectors.

While Seattle-area manufacturing still is sizable and cyclically sensitive, events since the mid-Sixties have dramatically lessened the area's overall cyclical exposure. Manufacturing now is more diversified and plays a smaller role in the economy.

Over the past several decades, the large private trade and service sectors have been growing very rapidly. Among the Northwest metropolitan areas, the Seattle PMSA is a favorite location for service and trade firms—reflecting its function as the preeminent distribution and service support center for the Northwest. One of the strongest ties between Alaska and the rest of the Pacific Northwest is the reliance upon various Puget Sound ports as staging areas for goods moving north. Seattle, while itself less directly dependent on resource-based industry, indirectly supports Alaskan resource development. The ports of Seattle and Everett ship Northwest resource products ranging from logs to apples to the Far East and other destinations. Finally, the Port of Seattle in particular is a major gateway for bulk and container cargo in transit between various Pacific Rim nations and the interior U.S.

Rapid growth in the private service sector reflects a nationwide trend. The Seattle PMSA operates as a regional center whose service territory may include the immediate Puget Sound area, the state, or the entire Pacific Northwest, depending on the nature of the service. Concentrations of note include health, financial, and research services as well as business support services ranging from architecture and engineering to advertising and data processing.

For the Seattle metropolitan complex, the past generally should be prologue to the future: a hub of Northwest service, distribution, and transportation services; a growing force in the nation's visitor industry; and an important and increasingly diversified manufacturing center. Continued growth will open up new opportunities for economic infill—providing products and services locally which previously were imported. Another aspect of growth likely to continue is competition among major cities within the Seattle PMSA. Snohomish County has successfully attracted several major manufacturers looking for a slightly less urban environment;Everett appears to be the successful bidder for a future Naval task force to be stationed in Puget Sound; Bellevue no longer is just a bedroom community to Seattle. Finally, there is at least a good chance that development, wherever it occurs within the area, will progress at a slower rate than the surging mid-Seventies while avoiding retrenchments as traumatic as in the 1969-1971 period.

TACOMA: Times Are Changing

The Tacoma PMSA, defined by the boundaries of Pierce County, shares enough ties with the Seattle PMSA that the combination now is considered a "greater" metropolitan area. For the most part, however, the Tacoma area is an independent metropolitan unit—in some cases drawing from the resources of its northern neighbor, but in other cases, actively competing. The Tacoma PMSA is the third largest metro area in the region, with a resident population in 1983 estimated at 507,000 persons—greater than the total population of Alaska.

Since 1950, the Tacoma metropolitan area has grown at a rate just slightly faster than Washington State and the region as a whole. As a side benefit of more modest growth, the area has not experienced the pronounced strains of the Seattle area—either in expansions or contractions. Nonfarm employment is a mix of manufacturing, private trade and services, and government. Manufacturing industries account for about 14 percent of total payroll employment. About half of the manufacturing jobs are provided by forest products firms and food processors; the other half ranges from primary metals smelting and refining to shipbuilding, chemicals, and a number of other industrial groups.

The Tacoma metropolitan area economic base includes a number of military installations—Fort Lewis (Army), McChord Air Force Base, and others. The military is big business. Federal government employment in Pierce County accounted for 7 percent of 1983 nonagricultural employment compared to a little over 4 percent statewide; these percentages exclude 30,000 armed forces personnel which were assigned to the bases.

In private trade and services, the Tacoma metro area has been overshadowed by the adjacent and larger Seattle area. The Tacoma PMSA displays rather low concentrations of establishments relative to population in all major subcategories. The most pronounced relative shortfalls, however, are in transportation/communications/utilities, wholesale trade, and financial services. The data corroborate casual observation of the two areas: Sea-Tac International Airport is in King County but serves the entire Puget Sound region; the Port of Seattle is the dominant general-cargo-handling facility, generating associated warehouse, agent/broker, and other support needs; and the state's largest financial institutions are headquartered in Seattle.

In the past several years, however, the Tacoma area has begun to develop increasingly as an independent metropolitan unit. Significant is the Chamber of Commerce theme, "New Beginnings". New firms are choosing Pierce County locations; the Port of Tacoma has adopted an aggressive, competitive stance—including its successful bid for Seattle's biggest waterfront customer, Sea-Land, which is due to relocate to Tacoma. Tacoma development includes the very successful Tacoma Dome as well as a new hotel. Under way are World Trade Center Tacoma and downtown developments which include a sixteen-story financial center.

The longer-range outlook for the Tacoma area is likely to confirm the rationale for including Pierce County, along with King and Snohomish counties, under one umbrella in the Seattle-Tacoma CMSA. As the density of residence and business has increased around the Seattle core, activity has flowed outward—to Bellevue, Everett, and south King County. Tacoma is in the path, and local efforts will hasten the change.

BREMERTON: Color It Navy

The Bremerton MSA (Kitsap County) is the premier economic beneficiary of a substantial U.S. Navy presence in the Pacific Northwest, hosting the Puget Sound Naval Shipyard, the Naval Underseas Warfare Engineering Station, the Naval Regional Medical Center, and the Trident Nuclear Submarine Base. Directly, the federal government presence accounts for nearly 40 percent of total nonfarm employment in the MSA, and it generates most of the demand upon the supporting sectors of the area economy. A very small manufacturing sector of less than 2,000 workers revolves primarily around the forest products industry. Two trends have dominated the area economy over the past decade: the Navy has been a major growth element on the local scene, and that growth has cushioned the area from much of the impact of the region's business cycles. Consequently, Bremerton has been a growth center with an enviable record since 1970, and the outlook is for substantial further development.

The Bremerton MSA witnessed a 45 percent population increase and a 54 percent nonfarm employment hike from 1970 to 1980 (both substantially higher than the state average). Moreover, the past three years have brought a further gain of 6 percent in overall job levels to a record 48,830 workers on average in 1983, in contrast to the recession downturn which reduced Washington State employment by roughly 2 percent. Fully a third of Bremerton's aggregate worker gain since 1970 has been in the government sector. Another 50 percent has come about from expansion in private trade and services, which doubled and tripled, respectively, from 1970 to 1983. The MSA has moved increasingly toward greater self-reliance in the trade and services areas, despite its close proximity to both the Tacoma and Seattle metropolitan areas.

The Puget Sound Naval Shipyard, established in 1891, is the largest employer in the MSA; a major growth factor has been consolidation of operations in Bremerton as shipyards elsewhere closed during the Seventies. The PSNS workforce numbered roughly 12,500 in 1983, or 70 percent of total federal employment in the county. The Bremerton yard possesses capabilities for surface ship overhaul, nuclear submarine overhaul, and new ship construction, making it one of the Navy's so-called "hard core" yards.

With construction of the nation's first Trident submarine support center at the Bangor Naval Annex beginning in 1974, the area immediately shifted onto a higher growth plane. Construction employment, both for the new $500 million base and associated commercial/residential construction, advanced rapidly to 1978, peaking in that year at 2,840 workers on average. Federal impact dollars assisted in providing the supporting infrastructure. On-base employment is gradually building to 6,000, and the third Trident submarine of a potential ten-sub fleet arrived early this year.

OLYMPIA: Capital Gain

Olympia is Washington's state capital, located on the southern tip of Puget Sound some 60 miles south of Seattle and about 110 miles north of Portland, Oregon. The MSA (Thurston County) had a population of 140,000 as of the 1980 Census, and a population density measuring roughly a third that of the

• Tacoma Dome. *Courtesy Tacoma-Pierce County Chamber of Commerce.*

adjoining, more industrialized, central Puget Sound counties. Consequently the MSA retains a predominantly rural character. To some degree, this has been the attraction leading to the highest population growth rate of any metropolitan area in the Pacific Northwest during the past decade—62 percent, or three times the state average. An estimated 84 percent of the population change from 1970 to 1980 was through net inmigration.

A burgeoning local economy has been responsible for much of the gain. Structurally, the Olympia MSA is a combination of state government employment, service and trade functions, and a relatively small but growing manufacturing base. Each contributed to the nearly 70 percent increase in total nonfarm employment during the Seventies: government payrolls grew 7,600 to 19,380 workers in 1980, while private trade and services rose about 7,800 to 14,840. Manufacturing expanded by a more modest 700 workers. In 1981 and 1982, the government sector cut employment as federal funding was reduced and as state revenues shrank with the recession, but it added some jobs in 1983 as a result of the recovery.

In terms of sheer size, the government sector dominates the Olympia MSA. Government employment constitutes 45 percent of the nonfarm total. State government in Olympia represents a "basic" industry, generating substantial impact upon the rest of the economy. The growth in state government reflects both the general population increase of Washington State and the demand, over time, for more extensive government services, particularly in the social, health, and environmental areas. Further, the area received an additional boost early in the Seventies with establishment of the Evergreen State College.

Collaterally, there were strong advances in trade and services during the Seventies. Because of relatively close proximity to the major merchandising centers of Tacoma and Seattle, Olympia traditionally has had a lower-than-average presence of trade and service functions vis-a-vis the total economy. The past ten years, however, have witnessed a major catch up.

The Olympia MSA draws strength also from the economies of adjacent counties. Fort Lewis in adjoining Pierce County lies within an easy commuting distance, encouraging both active military and retired Army personnel to live in the Olympia-Lacey-Tumwater communities. Construction on two nuclear power plants in adjoining Grays Harbor county (one terminated and one on hold currently) gave an added boost to the Olympia MSA until 1982.

Manufacturing centers around the Olympia Brewery, some forest products firms, container and bottling plants, and miscellaneous diversified manufacturers. Some smaller light manufacturing firms are coming into the area, and several light industrial parks are being planned.

Olympia's future growth, however, will continue to be largely a result of gains in government employment plus strength in services and trade development.

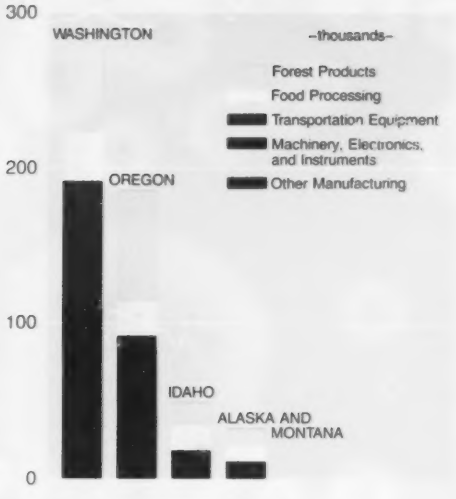
BELLINGHAM: A Well Balanced Economy

The Bellingham MSA is an excellent example of a Pacific Northwest area whose resource-based economy has broadened and diversified over time. Several decades ago, Bellingham (Whatcom County) was heavily dependent on four resource industries—logging, coal mining, farming, and fishing. During the Sixties, however, Whatcom County began shifting away from its relatively rural, resource-oriented way of life. To a large extent this was involuntary—the forests were increasingly depleted, and coal mining was no longer commercially feasible. In the late Sixties and early Seventies, several events occurred that effectively transformed Bellingham's economy. Intalco Aluminum built a major reduction plant at Cherry Point; Interstate 5—the major link between Vancouver, B.C., Bellingham, and Seattle—was completed, thus opening up Whatcom County to a large Canadian consumer market; and Atlantic Richfield built a petroleum refinery at Ferndale.

As a result, the Bellingham MSA experienced substantial increases in population (30 percent) and nonfarm employment (50 percent) during the Seventies. In both instances, Bellingham's growth rate outpaced that of the state. As in many other metropolitan areas, Whatcom County's private trade and services sectors increased their percentage shares of nonagricultural employment, while manufacturing and government diminished in relative importance. Both manufacturing and government (primarily Western Washington State University which had an average enrollment of slightly over 9,000 students in 1983-1984) are large sectors, however; and each employed 20 percent of nonfarm employees in 1980.

Whatcom County is unique among Washington counties because of its close ties with British Columbia. The city of Bellingham is located only 54 miles south of Vancouver, B.C., which had a population of almost 1.2 million in 1983; thus, Canadian visitors have a significant impact on Bellingham's economy. In the

MANUFACTURING EMPLOYMENT
Pacific Northwest States
1983 Annual Averages



Processing of regional forest products and agricultural commodities accounts for over 40 percent of Pacific Northwest manufacturing jobs; statewide shares range from 32 percent in Washington to a high of 80 percent in Alaska. Production of machinery, electronics, and instruments plus transportation equipment combine to a 31 percent share region wide, with aerospace pushing the Washington proportion to 42 percent. Miscellaneous manufacturing makes up the final 25 percent share in the five-state region.

Source: Respective state employment departments; partially estimated.

early Seventies, in particular—when a strong Canadian dollar made U.S. consumer goods and Whatcom County land values appear cheap—Canadians came to shop and to play, snapping up big chunks of recreational property in the process.

Even though Bellingham's economy is quite diversified, the most recent national recession took its toll. The two sectors hardest hit by the recession were shipbuilding and construction. Employment levels fell in both 1981 and 1982, but increased in 1983. This year should see further gains in employment.

Whatcom County has many strengths. In addition to its natural resources (which include two deep-water harbors) it has a good smattering of capital-intensive industries, strong retail and service sectors, higher education and vocational training facilities, and a clean and scenic environment.

SPOKANE: Kingpin of the Inland Empire Spokane, Washington is justifiably proud of its role as the economic, financial, and social center of the "Inland Empire", a 36 county, 80,000 square mile area encompassing eastern Washington, northern Idaho, northeastern Oregon, and western Montana. The economy of the "Inland Empire" draws support from agriculture, timber, and minerals. Accompanying support services such as health care and finance, are largely concentrated within Spokane County. Spokane is the fourth largest MSA in the Pacific Northwest in terms of population (348,000 in 1983), and the largest landlocked metropolitan area west of Minneapolis/St. Paul and north of Salt Lake City. It is Washington State's primary inland distribution center and transportation hub, largely due to its strategic location. Reflecting this function, 59 percent of Spokane's wage and salary workers were employed in the private trade and services sectors in 1983, while only 13 percent were engaged in manufacturing. The comparable figures for Washington State were 52 percent and 18 percent.

The Spokane MSA enjoyed solid population growth (19 percent) and nonagricultural employment growth (42 percent) during the Seventies, although it trailed the exceptional pace of the overall Pacific Northwest in both categories. Nonetheless, Spokane's performance represented a significant improvement over the Sixties when its population and nonfarm employment increased by only 3 percent and 19 percent, respectively.

Between 1970 and 1980 Spokane County's manufacturing employment increased from 12,600 to 17,000. The percentage share of Spokane's nonagricultural workers employed by the manufacturing sector declined slightly, however. Within the manufacturing group, food processing, lumber and wood products, and primary metals all decreased relative to total nonfarm employment. Only fabricated metals, nonelectrical machinery, and "other" manufacturing increased their shares. (Electronics manufacturing is dispersed between the latter two sectors.) The private nonmanufacturing sectors—wholesale and retail trade, finance/insurance/real estate, and services—increased both their absolute levels of employment and their percentage shares of total nonagricultural employment.

Spokane added 15,000 nonagricultural employees to its work force between 1970 and 1974. Much of this growth was due to Expo '74, the centennial celebration which broadened into a World's Fair. Employment dropped sharply in 1975 as the closure of the Fair coincided with a national recession. Between 1976 and 1980, Spokane's employment grew steadily, but jobs were lost in 1981 and 1982 in response to the most recent national downturn. Employment began a renewed upswing in 1983.

Looking toward the future, it is likely that the Spokane area will reduce its dependence on its traditional industries, partly by accident as the resource-based sectors shrink in relative importance, and partly by intent as the county seeks to diversify and enlarge its manufacturing base. According to Spokane's Economic Development Council, the MSA hopes to eventually boost its manufacturing employment from around 13 percent of nonfarm employment to 20 percent or more. Spokane hopes to continue to attract light manufacturing, especially "high tech" manufacturing. Spokane already has a respectable electronics base. Firms producing electronic keyboards, teller equipment for financial institutions, and semiconductors operate in the area.

Spokane is expected to retain commercial preeminence in the "Inland Empire" for the foreseeable future. The county's strategic location, financial and educational infrastructure, and trained labor force will continue to enhance its position. Moreover, the legacy of Expo '74 (riverside parks and an opera house/convention center) constitute a strong drawing card for the visitor and entertainment industries.

YAKIMA: An Agricultural Leader Yakima, Washington, is the leading agricultural MSA in the Pacific Northwest. According to the most recent U.S. farm census, Yakima County farm product sales were worth $468 million in 1982—almost 50 percent more than those of the second-ranked agricultural county in the region—and agriculture is the most significant basic employer.

Yakima has attained its position of agricultural preeminence by virtue of its

STATISTICAL SUPPLEMENT TO PACIFIC 1 NORTHWEST INDUSTRIES

POPULATION & INCOME

YEAR	POPULATION[A,1] Washington	PERSONAL INCOME[2] Washington		CONSTRUCTION ACTIVITY Washington		GROSS BUSINESS INCOME[4] Washington		RETAIL SALES[4] Total Taxable Sales Washington		
		Total Millions of Dollars	Per Capita Dollars	Total Construction Contracts[3] Millions of Dollars	Adjusted Building Index[B]	Total	Manufacturing Millions of Dollars	Actual Millions of Dollars[D]	Index	Adjusted Index[E]
1935-39 Avg.	1,675	952	567	NA	10.6	NA	NA	575.3	7.4	19.8
1940-44 Avg.	1,919	2,220	1,132	NA	18.9	NA	NA	1,166.8	15.0	33.3
1945-49 Avg.	2,263	3,381	1,494	NA	30.2	NA	NA	2,381.7	30.5	48.3
1950-54 Avg.	2,448	4,688	1,913	NA	42.8	NA	NA	3,374.9	43.3	57.3
1955-59 Avg.	2,718	5,956	2,189	NA	52.9	NA	NA	4,299.5	55.1	66.3
1960-64 Avg.	2,919	7,504	2,569	NA	59.7	NA	NA	5,171.3	66.3	73.0
1965-69 Avg.	3,162	11,084	3,490	1,226.5	92.1	29,173.9[C]	9,112.3[C]	7,752.0	99.4	98.0
1970-74 Avg.	3,466	16,318	4,700	1,602.1	79.8	39,538.8	11,795.2	10,566.1	135.5	107.3
1975	3,619	22,484	6,213	2,019.3	82.5	58,053.2	15,586.9	14,493.3	185.8	120.6
1976	3,691	25,175	6,821	3,480.2	100.1	65,540.3	17,550.7	16,693.2	214.0	132.1
1977	3,772	28,032	7,432	2,976.2	119.4	73,664.9	19,453.2	19,336.5	247.9	144.7
1978	3,886	32,750	8,428	4,426.8	145.1	88,848.2	23,593.2	22,225.8	285.0	155.4
1979	4,013	37,683	9,390	5,695.6	143.7	106,102.9	28,889.4	23,879.3	306.1	153.1
1980	4,132	42,300	10,237	4,795.1	101.4	117,374.2	32,654.6	24,632.9	315.8	143.4
1981	4,235	47,127	11,128	3,587.9	84.7	123,604.9	31,941.9	25,976.7	333.0	139.5
1982	4,276	49,111	11,485	3,394.8	71.8	121,327.4[W]	29,782.2[W]	27,837.3	356.9	141.3
1983	4,300	51,822	12,052	3,650.3	88.1	129,847.9[W]	33,035.6[W]	29,259.4	375.1	142.9

LABOR FORCE DATA[5,7]

YEAR	Civilian Labor Force	Unemployment	Unemployment As Percent of Labor Force	Total Employment	Total Wage and Salary Workers[K]	Manufacturing Employment[K]	Aerospace Employment[K]	Forest Products Employment	Other Manufacturing Employment	Non-Manufacturing Employment[K]
	Thousands of Workers					Thousands of Workers				
1935-39 Avg.	NA	NA	NA	NA	408.5[L]	113.3[L]	3.5[L]	60.0[L]	49.8[L]	295.2[L]
1940-44 Avg.	NA	NA	NA	NA	634.7	222.4	27.3	70.9	124.2	412.2
1945-49 Avg.	937.1[I]	59.4[I]	6.3[I]	864.4[I]	676.7	187.6	19.1	65.8	102.7	489.2
1950-54 Avg.	985.9	46.7	4.7	924.3	730.9	192.7	29.5	69.9	93.3	538.2
1955-59 Avg.	1,057.3	58.5	5.5	989.7	791.7	215.9	55.8	64.5	95.6	575.8
1960-64 Avg.	1,117.9	70.2	6.3	1,047.1	838.7	218.8	62.0	62.3	94.5	619.9
1965-69 Avg.	1,303.0[J]	68.3[J]	5.2[J]	1,203.0[J]	1,030.2	266.7	87.3	65.7	113.6	763.5
1970-74 Avg.	1,453.6	127.0	8.8	1,326.6	1,119.3	235.2	49.5	65.7	120.1	884.1
1975	1,562.0	149.0	9.5	1,413.0	1,225.7	244.0	50.4	63.6	130.0	981.7
1976	1,622.0	140.0	8.6	1,482.0	1,283.1	247.4	45.0	68.4	134.0	1,035.7
1977	1,692.0	148.0	8.7	1,544.0	1,367.0	260.0	46.1	71.6	142.3	1,107.0
1978	1,809.0	124.0	6.9	1,685.0	1,485.6	284.7	59.8	69.1	155.8	1,200.9
1979	1,937.0	131.0	6.8	1,806.0	1,581.2	309.6	72.6	73.1	163.9	1,271.6
1980	1,986.0	157.0	7.9	1,829.0	1,608.3	308.7	79.6	64.6	164.5	1,299.6
1981	1,997.0	190.0	9.5	1,807.0	1,612.0	303.0	79.0	61.6	162.4	1,308.7
1982	2,024.0	245.0	12.1	1,779.0	1,568.6	289.0	74.9	55.5	158.6	1,279.6
1983	2,062.0	230.0	11.2	1,832.0	1,579.3	276.8	64.4	56.9	155.5	1,302.5

FOREST PRODUCTS

YEAR	LUMBER PRODUCTION[10] Washington[Q]	LUMBER PRODUCTION[10] Oregon[Q]	PULP[1] PRODUCTION Washington	PLYWOOD[11] PRODUCTION, Northwest[R]
	Millions of Board Feet		Thousands of Tons	Millions of Square Feet
1935-39 Avg.	4,066	4,026	963	711
1940-44 Avg.	4,719	6,150	1,407	1,524
1945-49 Avg.	3,497	6,692	1,503	1,585
1950-54 Avg.	3,506	8,554	2,107	2,901
1955-59 Avg.	3,225	8,041	2,587	5,292
1960-64 Avg.	3,444	7,408	3,094	8,021
1965-69 Avg.	3,429	7,257	3,741	9,582
1970-74 Avg.	3,460	7,447	3,610	9,766
1975	3,104	6,342	3,127	8,574
1976	3,661	7,335	3,399	9,310
1977	4,031	7,509	3,582	10,122
1978	4,150	7,416	2,903	10,311
1979	3,851	7,312	3,313	9,656
1980	3,161	5,784	3,585	7,512
1981	3,243	5,115	3,519	6,943
1982	3,058	4,693	3,274	6,280
1983	4,035	6,169	NA	8,142

AGRICULTURAL PRODUCTION – WASHINGTON[12,13]

YEAR	WHEAT	MILK	BEEF CATTLE[S]	APPLES	POTATOES	HAY	BARLEY
	Thousands of Bushels	Millions of Pounds	Thousands of Pounds	Thousands of Tons	Thousands of cwt	Thousands of Tons	Thousands of Bushels
1935-39 Avg.	48,142	1,920	165,143	662	4,731	1,702	2,356
1940-44 Avg.	54,959	1,994	212,868	645	4,883	1,832	8,646
1945-49 Avg.	68,728	1,829	199,991	716	6,543	1,579	3,680
1950-54 Avg.	76,524	1,733	262,380	575	6,859	1,503	8,392
1955-59 Avg.	67,024	1,842	338,125	584	10,074	1,741	24,975
1960-64 Avg.	69,184	1,925	376,508	574	11,621	1,910	26,090
1965-69 Avg.	100,750	1,956	405,212	679	23,195	2,291	14,230
1970-74 Avg.	109,007	2,256	427,519	766	34,297	2,406	17,935
1975	145,140	2,322	416,780	1,100	48,300	2,391	21,200
1976	144,050	2,428	428,870	1,154	55,800	2,446	21,060
1977	101,305	2,549	399,525	1,042	50,600	2,432	9,450
1978	128,160	2,675	429,120	1,074	50,505	2,638	23,180
1979	118,000	2,817	348,030	1,310	48,450	2,494	17,010
1980	160,220	2,942	491,370	1,503	43,935	2,625	32,250
1981	168,350	3,017	513,130	1,380	52,920	2,542	44,080
1982	138,880	3,222	563,830	1,300	52,800	2,889	49,410
1983	169,320	3,482	589,850	1,500	53,560	2,971	54,400

FOOTNOTES

A July 1 estimates, except for April 1 counts in decennial census years.

B Measures both residential and nonresidential building construction contracts. Index measures level of activity relative to base year (1967 = 100) deflated by Building Construction Deflator (see H).

C 1968-1969 average.

D Year to year comparisons of Taxable Retail Sales have been distorted by changes in the retail sales tax base; most importantly, the sales tax on non-restaurant foodstuffs was removed in July 1978 and then reapplied from May 1982 through June 1983.

E Adjusted for inflation using Personal Consumption Deflator (see G).

F Fixed-weight deflator, Seattle-Everett index for All Urban Consumers.

G Implicit deflator, personal consumption component of Gross National Product, U.S. average.

H Implicit deflator, residential and nonresidential structure component of Gross National Product, U.S. average.

I 1947-1949 average.

J Series not comparable prior to 1967. Average reflects 1967-1969 series based on place of residence.

K Originally published data adjusted to reflect Bureau of Labor Statistics benchmark revisions for the years 1939 through 1957; data also adjusted insofar as possible to reflect changes resulting from reclassification of industries, but no adjustment made for January 1971 shift of 1,900 Boeing Computer Services workers from manufacturing to nonmanufacturing and January 1982 transfer of approximately 4,100 BCS workers back into manufacturing.

L 1938-1939 average.

M Figures commencing with 1959 exclude Montana pack, amounting to less than 1 percent of the Pacific Northwest totals.

BASIC INDICATORS OF WASHINGTON BUSINESS AND INDUSTRIAL ACTIVITY

All indexes based on 1967 average = 100

YEAR	FOREIGN TRADE[1] Washington Customs District			PRICE INDEXES ADJUSTMENT FACTORS[2,5]			ELECTRIC ENERGY PRODUCTION[6]
	Exports	Imports	Total Exports and Imports	Seattle – Everett Consumer Price Index F	Personal Consumption Deflator G	Building Deflator H	Millions of kwh
	Millions of Dollars						
1935-39 Avg.	70.3	34.9	105.2	39.6	37.4	33.0	3,376
1940-44 Avg.	187.1	69.4	256.5	46.7	45.1	40.8	6,826
1945-49 Avg.	183.5	108.4	291.9	62.6	62.8	62.6	11,783
1950-54 Avg.	233.1	215.3	448.4	76.2	75.4	80.0	20,541
1955-59 Avg.	391.9	342.7	734.6	82.9	83.1	88.5	27,268
1960-64 Avg.	559.9	451.1	1,011.0	90.7	90.8	90.3	40,076
1965-69 Avg.	1,123.4	797.9	1,921.3	101.0	101.1	101.2	60,429
1970-74 Avg.	2,919.0	2,274.2	5,193.2	123.8	125.7	140.8	78,681
1975	4,199.0	3,972.4	8,171.4	155.8	154.1	188.7	93,560
1976	4,931.2	5,006.1	9,937.3	164.5	162.0	196.9	102,820
1977	4,762.1	5,783.7	10,545.8	177.6	171.3	214.9	78,931
1978	6,399.5	6,678.2	13,077.7	194.8	183.4	240.7	99,139
1979	9,631.5	7,967.7	17,599.2	216.3	199.9	272.9	90,834
1980	11,986.3	9,177.1	21,163.4	252.1	220.2	304.4	92,325
1981	12,270.7	9,951.0	22,221.7	279.8	238.7	329.4	102,849
1982	8,889.9	9,267.1	18,157.0	297.9	252.5	343.2W	96,691
1983	10,020.2	9,980.2	20,000.4	302.8	262.5	343.0W	95,099

MANUFACTURING PRODUCTS

	Millions of Dollars	Percent of Total
FOOD PRODUCTS	$ 4,457.5	13.9
Canning and preserving	922.6	2.9
Meat products	887.0	2.8
Dairy products	751.9	2.3
Beverages	646.9	2.0
Grain mill and bakery	520.8	1.6
Other	728.3	2.3
FOREST PRODUCTS	$ 6,156.1	19.1
Lumber and wood	3,620.6	11.2
Paper and allied	2,436.1	7.6
Furniture and fixtures	99.4	0.3
AEROSPACE	$ 8,837.2	27.5
OTHER	$12,723.6	39.5
Petroleum refining	2,718.1	8.5
Primary metals	2,577.6	8.0
Machinery	1,941.4	6.0
Printing and publishing	983.2	3.1
Chemicals and allied	945.0	2.9
Fabricated metals	754.1	2.3
Shipbuilding	742.1	2.3
Stone, clay, and glass	586.0	1.8
Apparel and textiles	435.5	1.4
Miscellaneous	1,040.6	3.2
TOTAL	$32,174.4	100.0

VALUE OF FARM PRODUCTS[2] – 1983

State Of Washington

	Millions of Dollars	Percent of Total
FIELD CROPS	$1,517.1	46.5
Wheat	635.0	19.4
Potatoes	241.0	7.4
Hay	227.3	7.0
Barley	144.2	4.4
Hops	92.1	2.8
Grain corn	63.9	1.9
Silage corn	28.7	0.9
Other	84.9	2.6
LIVESTOCK AND DAIRY	$ 942.7	28.9
Milk	472.3	14.5
Cattle and calves	356.2	10.9
Eggs	58.1	1.8
Chickens and Broilers	30.6	0.9
Other	25.5	0.8
FRUIT, NUTS, AND BERRIES	$ 503.1	15.4
Apples	311.6	9.5
Pears	61.8	1.9
Sweet Cherries	55.7	1.7
Grapes	34.8	1.1
Other	39.2	1.2
SPECIALTY	$ 171.8	5.3
VEGETABLES	$ 129.2	3.9
Asparagus	35.2	1.1
Sweet Corn	23.5	0.7
Green Peas	18.1	0.5
Onions	15.0	0.4
Other	37.4	1.1
TOTAL	**$3,263.9**	**100.0**

1 Washington State Department of Revenue

2 Washington Crop and Livestock Reporting Service

FOOD PRODUCTS

YEAR	CANNED FOODS[8] Pacific Northwest M		FROZEN FOODS[8] Washington - Oregon		CANNED SALMON[9]			WHEAT FLOUR PRODUCTION[1]
	Fruits and Berries N	Vegetables	Fruits and Berries	Vegetables O	Alaska	Washington	Oregon	Washington
	Thousands of Standard Cases		Millions of Pounds			Thousands of Cases		Thousands of Sacks
1935-39 Avg.	6,542	5,558	53.2	17.7	6,459	340	339	9,289
1940-44 Avg.	7,039	10,587	95.6	58.5	5,460	262	277	10,781
1945-49 Avg.	7,378	13,102	134.5	138.4	4,203	643	235	12,006
1950-54 Avg.	7,149	16,625	132.5	252.3	3,304	828	142	9,364
1955-59 Avg.	7,699	19,741	165.6	386.6	2,519	587	128	9,628
1960-64 Avg.	7,017	21,085	180.1	791.4	3,091	310	75	10,058
1965-69 Avg.	7,645	26,433	184.4	1,936.5	2,834	270	88	7,852
1970-74 Avg.	8,211	26,123	145.6	2,890.6	2,144	345	66	7,218
1975	8,456	27,221	130.7	3,422.2	1,384	162	9	5,909
1976	9,256	27,826	176.8	3,766.6	2,470	136	6	6,833
1977	8,875	22,416	158.5	3,979.1	2,595	231	2	7,067
1978	7,786	28,248	111.6	4,214.5	2,922	11	2	7,413
1979	9,727	31,821	115.7	4,285.1	3,049	144	P	7,740
1980	9,935	30,760	152.8	3,894.4	4,132	26	P	7,737
1981	9,125	25,112	154.9	4,264.6	4,432	203	O	7,233
1982	7,518	23,686	174.6	4,611.2	2,435	72	P	7,018
1983	NA	NA	NA	NA	3,601	175	O	6,752

AGRICULTURAL PRODUCTION – WASHINGTON[12,13]

YEAR	HOPS	GRAIN CORN	PEARS	EGGS	SWEET CHERRIES	FARM INCOME Value of Production[T]	FARM INCOME Cash Receipts[U]
	Thousands of Pounds	Thousands of Bushels	Thousands of Tons	Millions of Eggs	Thousands of Tons	Millions of Dollars	
1935-39 Avg.	9,172	1,140	161	833	15.6	NA	145.7
1940-44 Avg.	13,981	1,064	170	873	24.3	355.6	306.7
1945-49 Avg.	20,830	1,023	183	740	29.6	562.1	519.2
1950-54 Avg.	24,493	1,572	131	764	17.9	610.5	523.3
1955-59 Avg.	25,315	3,784	120	937	17.7	586.7	528.9
1960-64 Avg.	27,833	2,925	114	1,030	18.9	648.3	595.4
1965-69 Avg.	32,483	2,189	128	1,048	18.2	803.9	751.3
1970-74 Avg.	34,902	4,910	178	1,055	34.8	1,370.7	1,204.1
1975	37,701	3,536	219	1,084	43.1	1,993.5	1,867.2
1976	41,160	4,708	234	1,058	54.3	1,931.9	1,844.9
1977	37,904	7,616	224	1,063	47.0	1,883.9	1,762.5
1978	40,044	7,410	246	1,121	59.3	2,282.8	2,161.4
1979	40,140	11,931	246	1,172	67.6	2,532.7	2,158.0
1980	55,952	11,000	256	1,295	52.0	2,952.5	2,667.7
1981	59,470	14,250	275	1,332	46.4	3,080.3V	2,849.5V
1982	58,167	27,550	266	1,334	66.0	3,009.3V	2,985.4V
1983	51,145	19,500	280	1,232	89.0	3,263.9	3,080.6

N Figures prior to 1948 adjusted to new base.

NA Not available.

O Starting in 1963, data include production in Idaho, mainly potato products.

P Less than one thousand.

Q Figures commencing with 1960 exclude small amounts of hardwoods produced in Inland Region.

R Softwood plywood, Washington and Oregon; includes small amounts produced in Montana and Idaho from 1952 through 1961.

S Includes calves.

T Excludes value of crops grown but not harvested, derived from tonnage produced and season average price for each product.

U Cash income from marketings, exclude government payments, value of produce consumed on farms, and gross rental value of farm dwellings.

V Beginning in 1982, cash receipts and value of production figures exclude seed crops, cucumbers, cabbage, honey, and beeswax. Combined value of excluded crops was 1.3 percent of total in 1981.

W Estimated by S-FNB Economic Research Department.

SOURCES

1. Bureau of the Census, U.S. Department of Commerce.
2. Bureau of Economic Analysis, U.S. Department of Commerce.
3. F.W. Dodge Division, McGraw-Hill Information Systems Co.
4. Department of Revenue, State of Washington.
5. Bureau of Labor Statistics, U.S. Department of Labor.
6. U.S. Department of Energy.
7. Employment Security Department, State of Washington.
8. Northwest Food Processors Association.
9. Pacific Packers Report.
10. Western Wood Products Association.
11. American Plywood Association.
12. Washington Crop and Livestock Reporting Service.
13. Economic Research Service, U.S. Department of Agriculture.

fertile soil and extensive irrigation system. Yakima farmers began irrigating their crops long ago; by the 1890's, irrigation was advancing at a rapid pace. In 1982, Yakima County contained 17 percent of Washington State's irrigated farmland.

Yakima possesses a highly varied agricultural base. Its major farm products, listed in descending order of value, are fruit, cattle and calves, dairy products, grains, and vegetables. Among Washington counties, Yakima ranks first in the production of several fruit varieties including apricots, sweet cherries, and Bartlett pears. Yakima ranks second in apples.

As one might expect, food processing dominates the county's manufacturing sector, employing 42 percent of all industrial workers in 1983. A number of national food processing companies operate in Yakima. Forest products is the next largest industrial sector, employing 17 percent of all manufacturing workers in 1983. Although the food processing and forest products sectors are the major manufacturing employers in Yakima their share of manufacturing employment declined between 1970 and 1980. Manufacturing as a whole also experienced a downward shift in relative importance during the Seventies. At the beginning of the decade, manufacturing employed 18 percent of all nonagricultural workers; by 1980, however, that percentage had dropped to 15 percent.

In contrast to manufacturing, nonmanufacturing increased its percentage share of nonfarm employment during the Seventies. Two sectors which gained in relative importance were trade and nonfinancial services. Yakima's trade sector is unusually large. In 1983, it employed 32 percent of the county's nonfarm workers while the comparable figure for Washington State was 25 percent. The large proportion of people employed by the MSA's trade sector reflects both Yakima's importance as a retail center for the surrounding counties and a high volume of wholesale activity (primarily fruit and vegetable packing).

Between 1970 and 1980, Yakima's nonagricultural employment grew by 43 percent. Nonetheless, largely because of the seasonal nature of many local industries, Yakima's unemployment rate was generally higher than the state average during the Seventies. The local unemployment rate worsened markedly in 1981 and reached 16 percent in 1982, as the national recession affected the local forest products sector, and as construction projects at the nuclear power plants in nearby Benton County wound down. Employment contracted in both of these years.

Yakima will remain the most important agricultural county in the Pacific Northwest for the indefinite future. Over time, however, it is reasonable to expect the county's forest products industry to decline in importance, with offsetting growth coming from activities such as distribution. Yakima's central location and easy access to Seattle, Spokane, and Portland should enhance its already growing position as a distribution focal point.

RICHLAND-KENNEWICK-PASCO: Apples to Atoms

Benton and Franklin counties in the south central portion of Washington State constitute the Richland-Kennewick-Pasco MSA, which, during the decade of the Seventies, had the second fastest metropolitan population growth in the Pacific Northwest. From 1970 to 1980, population jumped 55 percent and nonfarm employment more than doubled. Much of that growth stemmed from the atomic energy field—Richland is the location of the Hanford Nuclear Reservation—but sizable gains occurred in the traditional agricultural sector of the economy and the trade and services sectors as well. Overall, nonfarm employment peaked in 1981 at 63,900 workers. Subsequently the economy retrenched, mostly because of decisions by the Washington Public Power Supply System (WPPSS) to terminate construction of one nuclear power plant in the area and to mothball a second. A third plant was recently completed. Total MSA nonfarm employment dropped 14 percent in two years to average 55,000 in 1983; nearly 90 percent of that reduction was centered in construction. Meanwhile, the balance of the economy continues to show strength.

Structurally, the Richland-Kennewick-Pasco MSA is a blend of urban and rural lifestyles. Agriculture dominates much of the economic fabric of the mid-Columbia Basin, representing a near $100 million industry in the immediate two-county area. Added to that is the related complex of farm suppliers and food processors.

The Richland-Kennewick-Pasco MSA is also a major transportation hub. The area is a focal point for north-south and east-west movement of both rail and barge traffic. Burlington Northern maintains a major switching and classification yard at Pasco, and the Port of Pasco—exploiting its location at the confluence of the Columbia, Yakima, and Snake river systems—has begun to move into container cargo as an adjunct to its major presence as a bulk cargo handler.

Nuclear research and development activities at Hanford are a unique element of the local scene, brought about by the decision of the federal government to build a plutonium reactor at this location in 1943. Postwar progress has been bumpy, typified by a series of advances and setbacks which have rocked the area as the focus and/or the participants changed. Currently, six major nuclear contractors employ roughly 13,000, representing a quarter of the area's total nonfarm employment and accounting for a sizable chunk of an annual multi-million-dollar federal expenditure. Over time, moreover, a cadre of diversified manufacturing and service firms keyed to the Hanford complex has emerged.

Increasingly over the past decade, the Richland-Kennewick-Pasco area has moved toward greater concentrations of trade and services functions. Both sectors effectively doubled their employment levels from 1970 to 1980.

For the future the MSA can expect further strong growth in general agribusiness and continued diversified industrial expansion, particularly related to high-technology manufacturing and research and development activities associated with Hanford. Resumption of construction on the presently mothballed WPPSS #3 plant, tentatively set for 1985, will boost economic activity if it occurs.

PORTLAND: Roses and Bridges

Strategically situated at the junction of natural east-west and north-south transportation corridors, the Portland-Vancouver CMSA is a major hub for domestic commerce and a transshipment point for international cargoes. It is the premier trade and service center for Oregon and parts of southern Washington. It is home to the Bonneville Power Administration, regional wholesaler of electric power from federal dams in the Pacific Northwest, and to Portland State

WASHINGTON STATE 1983 HIGHLIGHTS

POPULATION In a lagged response to recession, net migration out of Washington State accelerated during the year ending July 1, 1983, holding the statewide gain in resident population to about half the 1 percent nationwide increase. Estimated state population at midyear was 4.30 million residents. As the local recovery gained momentum in the second half of the year, outmigration stopped and a net inflow of new residents is anticipated for the year ending in mid-1984.

LABOR FORCE On an annual average basis, the Washington civilian labor force last year increased nearly 2 percent, while total employment rose 3 percent to a level of 1.83 million. On a seasonally-adjusted basis, total employment by midyear regained the prior peak established before the 1982 recession; it then continued to move higher. The state's seasonally-adjusted unemployment rate declined to 10 percent by year end, down from nearly 13 percent in the fall of 1982.

NONFARM EMPLOYMENT Nonfarm payroll employment rose last year to 1.58 million, although the annual average gain was less than 1 percent. Seasonally-adjusted employment was still scraping along recession lows early in the year. Except for seasonal hiring, firms did not begin adding to payrolls in earnest until the spring and following months. The 1.60 million payroll employment level reached in the closing months of 1983 was still slightly short of the peak level attained in early 1981.

PERSONAL INCOME AND PRICES Personal income last year totaled $51.8 billion, increasing over 5 percent compared to about a 4 percent increase in 1982. Price levels meanwhile advanced slowly in 1983—2 percent on average for the Seattle CPI and 4 percent for a broader U.S. measure of consumer spending for goods and services. With slower increases in both Washington State population and prices, real per capita income rose about 1 percent on average in 1983—the best showing since the 2-percent-plus gain in 1979.

AGRICULTURE AND FOOD PRODUCTS Cash receipts from farm marketings rose 3 percent in 1983 after gains of 5 percent in 1982 and 7 percent in 1981. A number of major crop and livestock products either set new production records, or nearly matched old ones. Apple and wheat production levels were up about 15 and 20 percent, respectively, from 1982. Price levels for a number of products came under downward pressure, however, and the estimated value of farm production was held to an increase of about 8 percent. In the related food processing sector, employment levels averaged 1 percent lower than in 1982.

FOREST PRODUCTS Lumber production in Washington increased 32 percent last year to a total of over 4 billion board feet, while plywood production rose 22 percent to 1.4 billion square feet. Employment in the lumber and wood products sector increased less than 5 percent, however, leaving the job count still well below average levels of the Seventies. Employment in the pulp and paper sector dropped slightly further in 1983 after declining 6 percent in 1982.

AEROSPACE Boeing received orders for 151 jet transports valued at $6.4 billion in 1983, a substantial improvement from the 1982 order pace of 110 aircraft valued at about $3 billion. Commercial aircraft deliveries totaled 204 last year, and military sales were up for the fourth consecutive year. Annual average aerospace employment declined 14 percent to 64,400 in 1983; employment cutbacks had ended by September, however, and slight net gains were reported in the closing months of the year.

DIVERSIFIED MANUFACTURING Annual average employment levels in 1983 declined from the prior year in the metals, machinery, and equipment sectors. Chemicals and instruments firms showed a net hiring gain, but the total diversified sector nonetheless was down by 2 percent for the year. By year end, nearly all sectors showed improved over-the-year margins relative to 1982, and employment for the group as a whole was up 3 percent.

CONSTRUCTION Inflation-adjusted building activity rose 23 percent last year from the very depressed 1982 level. Housing starts totaled over 28,000 last year, up nearly 50 percent from the 1982 level but still far short of historical peaks. Square footage covered by permits for new nonresidential buildings slipped 16 percent in 1983 after declining 17 percent in 1982. Total construction employment also declined 6 percent on average last year.

• Portland Memorial Coliseum. *Courtesy Greater Portland Convention and Visitors Association.*

University and numerous other educational institutions. It is also the most industrially diversified of all Pacific Northwest metropolitan areas. Diversity does not preclude adversity, however, and the area suffered hard times during the recession of the early Eighties—all the more painful since residents had become accustomed to buoyant growth during the late Seventies.

Historically, the metro area has included three counties in Oregon—Clackamas, Multnomah, and Washington—plus Clark County, Washington, to the north across the Columbia River. In 1983, fast-developing Yamhill County, Oregon, was added to the definition. The geographically-expanded region had an estimated 1983 population of 1.31 million, with the Oregon portion accounting for 85 percent of the total and 42 percent of the population of Oregon State. Since Yamhill County was not part of the metro area in earlier years, however, and since it has not yet been integrated into standard statistical references, discussion of past growth and structural change in the area will be confined to the old four-county definition.

Over the long pull, growth of the Portland-Vancouver area has occurred very roughly in sync with that of Oregon State. The metropolitan area added jobs and residents slightly faster in the early postwar decades, but it fell a whisker short of Oregon State gains in the Seventies, with population up 23 percent and nonfarm jobs up 45 percent. Then came a sharp 7 percent job decline from 1980 to a trough in 1983. Only late last year did over-the-year employment comparisons turn positive. In early 1984, however, the list of industries showing improvement expanded, strengthening the expectation that this will be a true

recovery year.

The depth, duration, and pervasiveness of the recent recession at first glance seems surprising given the Portland area's industrial diversity and its growing trade and service orientation. But appearances can be deceiving. Although the metropolitan area is not hostage to the fortunes of any single industry—instruments and related products, the largest industrial employer, accounted for only 17 percent of manufacturing jobs at its latest peak—it has developed a concentration in durable goods closely linked to the business investment cycle. In addition to the instruments sector, which more than doubled its local work force in the Seventies, other industries with healthy growth trends included primary and fabricated metals, electrical and nonelectrical machinery, and transportation equipment (primarily shipbuilding). Together, these highly investment-sensitive industries accounted for almost three-fifths of Portland area manufacturing in 1980. Together, they accounted for almost three-quarters of the loss of manufacturing jobs between 1980 and 1983.

Second, although nonmanufacturing grew in relative importance as a source of jobs during the Seventies, the change was moderate, with the share of nonfarm jobs up less than 2 percentage points. Some sectors did grow rapidly, notably financial and other services, up 62 percent, and trade, up 54 percent; but other private nonmanufacturing and government grew more slowly than manufacturing. Furthermore, rapid trade and services growth reflected rising economic activity in the broader market area, expansion of the visitor industry, and growth of foreign trade through the ports of Portland and Vancouver. All of these supports turned soft in the early Eighties.

Despite the recent sharp setbacks suffered, the prognosis for the Portland-Vancouver region is promising. Both of the ports enjoyed strong rebounds in traffic last year, and both expect further improvement in 1984. The visitor industry should strengthen, especially with the Olympic games attracting crowds to the west coast. Portland is aggressively pursuing visitor business—one step has been to extend the annual Rose Festival and add the attraction of an Indy 500 race. Perhaps more important, Portland's existing electronics base constitutes a rich primordial soup full of new life. New companies springing up (many of them spin-offs started by former employees of big, established companies such as Tektronix, the largest industrial employer in Oregon, Floating Point Systems, and Intel) are dedicated to development and commercial implementation of new technologies in instrumentation and computer sciences.

SALEM: Governance in a Rural Setting Abutting the Portland metropolitan area on the south is the Salem MSA, encompassing Marion and Polk counties. This is Oregon's third largest metro area, with population estimated at just over 250,000 in 1983. Salem, the state capital, is Oregon's third largest city. Between 1970 and 1980, the Salem MSA grew faster than either Portland-Vancouver or Eugene-Springfield. Population increased 34 percent and employment, a hefty 60 percent.

Mainstays of Salem's economic base are farming, manufacturing, and state government. Marion County leads all other Oregon counties in value of farm products. The warm dry summers and cool moist winters of this portion of the fertile Willamette Valley produce an environment suited to a wide variety of crops. Thriving here are grains, hay, seed crops, tree fruits, nuts, berries, assorted vegetables, and Christmas trees. Dairying, cattle raising, and poultry farming round out local agricultural activities. Not surprisingly, food processing, centered on the canning and preserving of fruits and vegetables, accounts for about two-fifths of manufacturing. Forest products, including both lumber and paper, is the second most important manufacturing component. Mobile homes, recreational vehicles, and fabricated structural metals are also produced in the Salem area, and, in recent years, firms producing electronic components and instruments have begun to move in, cushioning the impact of cutbacks and plant closures in traditional industries. As for state government, its presence grew substantially during the Seventies. It now accounts for more nonfarm jobs than all manufacturing combined.

The rapid growth of the past decade, however, reflected explosive expansion of trade and services. Private sector nonmanufacturing accounted for three-fifths of the new jobs created during the Seventies. Even so, the Salem MSA still has the lowest concentration of these activities among Oregon's four metro areas.

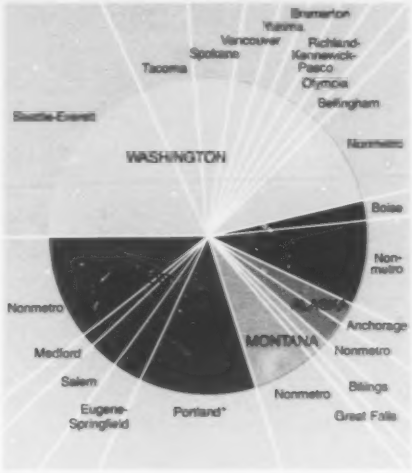
Recession temporarily has checked Salem's strong secular growth trend. Manufacturing and construction were hit hard, and even the government sector retrenched. Nonfarm employment dropped 9 percent between 1979 and 1982 and recovered only slightly last year; population peaked in 1981, with outmigration subsequently reducing it almost back to the 1980 level. Cyclical recovery is underway in manufacturing, but the major source of future growth is once again expected to be in private service sectors. Meanwhile, Oregon's strict land use laws, which include the strongest farm protection policies in the nation, should maintain the viability of Salem's important agricultural base.

EUGENE-SPRINGFIELD: Still Tied to Timber Big Lane County, which constitutes Oregon's second largest metropolitan area, stretches from the Cascade crest across the southern end of the Willamette Valley and through the Coast Range to the Pacific Ocean. Eugene, second largest city in Oregon, is home to the University of Oregon and is the principal trade and service center of the region. Springfield, the state's fourth largest city, is more heavily industrial. The community of Florence, in the sand dune section of the Oregon coast, is an important tourist center.

Although Lane County population has more than doubled since 1950, growth in the Seventies was only slightly faster than in the Portland metropolitan area. Population increased 28 percent to 275,000; it has since dropped back to 268,000 as a result of recession-induced outmigration. Nonfarm employment increased by more than half to a peak in 1979, but then plummeted 14 percent over the next three years before turning up in 1983. Over the full thirteen-year period since 1970, Eugene-Springfield had the poorest growth record of the four Oregon metropolitan areas, falling well behind the overall state trend.

Dependence of the Eugene-Springfield area on manufacturing in general, and lumber and plywood production in particular, decreased dramatically between 1970, when manufacturing accounted for

POPULATION DISTRIBUTION
Pacific Northwest States and Metropolitan Areas 1980



Although more than three out of five Pacific Northwest residents live in metropolitan areas overall, the proportion in individual states ranges from a high of four-fifths in Washington to less than one-fifth in Idaho. Two of the sixteen Pacific Northwest metropolitan areas had 1980 populations in excess of one million, whereas eleven had populations of 250,000 or less.

Source: U.S. Bureau of the Census.
***Oregon counties only.**

• Boise Cascade headquarters building. *Courtesy Boise Convention and Visitors Bureau.*

27 percent of all nonfarm jobs, to the area's latest cyclical peak in 1979, when it represented 20 percent. Lumber and plywood's share of total industrial jobs dropped from three-quarters in the early Seventies to two-thirds by 1979. Even so, the industrial base remained highly skewed to the one industry destined to suffer most in the early Eighties.

Offsets to declining wood products activity in the Seventies have come through expansion in other durable goods such as metals, machinery, and electronics. The area also hosts small—but relatively more stable—food processing, paper, and printing industries.

Second to manufacturing in the economic base is public education. The University of Oregon, with an enrollment of about 16,000, not only is a direct source of jobs but also provides a student-body support base for local trade and service businesses and for recreational and cultural amenities, such as the new performing arts center in Eugene. A growing visitor industry, attracted both to Lane County's seashore and its mountain and lake country, also contributed to the 70 percent increase in private nonmanufacturing jobs during the Seventies.

Although the wood products industry experienced a partial recovery in 1983, it is not expected to return to the levels of the late Seventies. Nor is the government sector likely to support a significant renewal of growth near-term in the Eugene-Springfield area—despite growing recognition in Oregon of the importance of investment in higher education as an economic development tool. Reviving tourism will be a plus. Beyond that, further industrial diversification is of special urgency in Lane County.

MEDFORD: Health and Hospitality

The smallest but the fastest growing metropolitan area in Oregon in recent years has been Jackson County, of which Medford is the central city. Medford, a busy commercial town, is principal trade and service hub for a broad territory extending south into California. A pair of excellent hospitals make this a regional health care center. Ashland, home of the Oregon Shakespearean Festival, pulls in visitors from all over the nation and, indeed, the world during its long March-through-October season. Other visitor attractions include the gold rush era town of Jacksonville and outdoor recreational opportunities in the Rogue River national forest.

Although this is not among Oregon's major agricultural areas, fruit growing is important, with a specialization in pears. Jackson County manufacturing is still about two-thirds concentrated in wood products, but a decline in this industry has been less of a problem in the Medford area because so much else is going on.

Between 1970 and 1980, Jackson County population jumped 40 percent; since 1980, it has continued to grow, albeit slowly, to an estimated 133,000 plus in 1983. Nonfarm employment increased by 64 percent during the Seventies. Employment fell 10 percent between 1979 and 1982, but it rebounded by an impressive 3 percent last year and prospects are good for renewed vigorous growth.

BOISE: Boom Country

Boise is not only the largest MSA in Idaho, it is the *only* MSA in Idaho. Boise (Ada County) experienced exceptional growth in population (54 percent) and nonfarm employment (89 percent) during the Seventies—one of the best performances in the region. Partially because of Boise's rapid expansion, Idaho was the second-fastest-growing state in the Pacific Northwest between 1970 and 1980, bested only by Alaska.

The Boise MSA grew quickly during the Seventies for a number of reasons. The city of Boise is *the* big city in Idaho and the social, cultural, financial, and governmental center of the state. Boise is

also an important wholesale distribution point. Finally, Boise possesses a well rounded economy, with a small but varied manufacturing base and strong trade, service, and government sectors.

Boise area manufacturing employment nearly doubled between 1970 and 1980. Its percentage share of nonagricultural employment remained static, however. The MSA experienced dramatic shifts in manufacturing employment during this period. The nonelectrical machinery sector (which includes computers and some other "high tech" activities) expanded very quickly during the Seventies and, by 1980, employed the largest number of manufacturing workers (35 percent). Lumber and food processing, previously the top two manufacturing sectors, dropped into second and third place, respectively. Transportation equipment, which employed 1,000 workers or 20 percent of industrial employees in 1970, employed less than 1 percent by 1980, due to reclassification of mobile home manufacturing to lumber and wood and the virtual demise of the recreational vehicle industry.

Boise's nonmanufacturing sector, as a whole, noted a sharp increase in employment (over 33,000 workers) during the decade, but only a slight increase in its percentage share of nonfarm employment. Sectors experiencing particularly rapid employment growth in the Seventies were finance/insurance/real estate, transportation/communications/utilities, and construction. The slowest growing nonmanufacturing sectors were trade and government.

Despite Boise's rapid growth in the Seventies, it did not escape the effects of the recent national recession. Employment levels shrank between 1980 and 1982, but they increased last year and are expected to show further improvement in 1984.

Boise will probably not expand as rapidly in the Eighties as it did in the Seventies, but it should continue to grow and prosper. At the very least, Ada County should continue to outpace the U.S. in terms of both population and employment growth. Boise has already established itself as a secondary "high tech" center. Boise is also corporate headquarters to several major international companies (including Boise Cascade and Morrison Knudson); and, given the county's physical amenities and positive business climate, there is every reason to expect additions to the roster.

BILLINGS AND GREAT FALLS:

Metropolitan Montana Among the Pacific Northwest states, Montana is second only to Alaska in terms of land area. Montana residents have adopted a predominantly rural lifestyle, oriented to agriculture and other natural resource industries. About one-fourth of the state's residents live in the two metropolitan areas: Billings and Great Falls. Combined population is nearly 200,000, with Billings approaching 115,000 and Great Falls, 85,000.

Montana's metropolitan areas have much in common with others in the Northwest. Both function as regional trade centers for surrounding rural territory. Great Falls services about one-third of Montana; Billings, the remaining two-thirds, plus northern Wyoming and the western Dakotas. The areas benefit from regional yarding and office operations of Burlington Northern. The Billings economy is quite diversified and characterized by a large number of small firms; except for three petroleum refineries, the scattering of large firms is in transportation and utilities. Billing's role as a trade and service center extends from livestock and grain dealers to independent jobbers supporting the oil and gas extraction business. Billings is the regional headquarters city for several federal agencies and home to two colleges as well.

Great Falls is the trading hub for the north central Montana farming territory. Structurally, the economy is not very different from Billings. Payroll employment in 1983 showed a slightly higher proportional dependence on the government sector, offset by a slightly lower manufacturing presence. Great Falls is the site of Malstrom Air Force Base, where support of Minuteman missiles funneled 1983 payrolls of over $75 million into the area economy. Great Falls has experienced some economic problems since 1970, including several rounds of cutbacks at the Air Force base and closure of two nonferrous metal plants. During the Seventies, payroll employment grew more rapidly in Billings, up about two-thirds, than in Great Falls, up about one-fifth. From 1980 to 1983, Billings employment edged ahead, while Great Falls contracted 10 percent. Currently, both areas are noting an uptick in business activity, especially in housing. Firms are expanding in Billings, and Great Falls is actively seeking the addition of a new flying unit at the air base. Over the longer term, recovery in basic metals and petroleum/gas prices would provide the surest boost to the area economies.

ANCHORAGE:

Northern Light Anchorage is the only MSA in Alaska and plays a pivotal role in the affairs of the state. Propelled by construction of the trans-Alaska oil pipeline in the mid-Seventies, Anchorage grew from a relatively quiet community of 126,000 residents in 1970 to a sprawling, dynamic metropolitan center of 174,000 in 1980 and an estimated 231,000 by 1983.

Inmigration has boosted Alaska's estimated percentage population gain thus far in the Eighties to the highest of any state in the nation, and Anchorage accounts for much of the action. Anchorage is a big player on the Alaska scene, containing almost half of Alaska's total population and jobs. Over 60 percent of the state's trade, service, and finance/insurance/real estate employment is in Anchorage, and high proportions of government and transportation jobs as well. As a result, the Anchorage economy closely reflects the overall state of the state.

Nonfarm employment in Anchorage grew 90 percent during the decade of the Seventies and another 30 percent during the past three years to an average of 104,000 workers in 1983. During initial construction on the oil pipeline in 1974 and 1975, Anchorage—while distant from the actual site—experienced a 37 percent two-year employment hike. Growth slowed sharply in the following two years and, with completion of the project in 1977, flattened out in 1978 and 1979. Strong growth has resumed in the past three years, however, sparked by state government spending of millions of dollars of its oil royalties.

Anchorage is unusual in its very heavy concentration of government employment and small manufacturing core. Local manufacturing, primarily seafood processing, accounts for about 2 percent of the area's total employment. Government, on the other hand, represents almost a quarter of the MSA's nonfarm employment, split roughly 40 percent federal and 60 percent state and local. The federal employment concentration, which is well over twice that of the U.S. as a whole, reflects military installations and agencies charged with the administration of the vast territories and resources in Alaska which are held in public trust.

• Anchorage skyline. *Courtesy Anchorage Convention and Visitors Bureau.*

Prior to development of Alaska's oil resources, the growth of government employment was the primary determinant of the area's overall economic growth rate; since then, the impact of resource development activities statewide, related construction, and catch up in trade and service functions have been the driving forces.

Currently, the Anchorage economy is slowing primarily because of a reduction in the level of construction associated with overbuilt housing and office space. This is temporary. Long range growth prospects are excellent. Additional oil exploration and development, extraction of other minerals, and possible construction of a gas pipeline are key elements in Alaska's future. State revenues from the Prudhoe Bay field will decline, along with output levels, beginning in 1988 or thereabouts—the exact timing depending upon new technology applied to heighten the rate of recovery. Some of the Prudhoe contraction will be offset by new oil and gas development. In the meantime, the state is building a "Permanent Fund" to extend the benefits of the North Slope revenue impact. Government employment should at least be relatively stable, while growth in private trade and services will continue.

REGIONAL WRAP-UP

A review of the Pacific Northwest metropolitan areas shows them to be a diverse group. In size, they range from less than 100,000 residents to almost 1.7 million. Some, including the three largest, are located in the mild coastal zone; others have dryer inland climates with greater temperature extremes. In a few cases, the metropolitan area economies have retained significant direct ties to the Northwest resource base—farm production in the Yakima, Richland-Kennewick-Pasco, and Salem MSAs, for example. One of the areas most dependent on manufacturing relative to overall size, the Eugene-Springfield MSA, still is primarily dependent on forest products.

The biggest, and some smaller, MSAs have shifted to a more diversified industrial base. Seattle and Portland manufacturing firms, however, are oriented toward production of machinery and equipment and thus experience the cyclicality associated with capital goods markets.

Many Northwest metropolitan areas function as regional distribution and service centers, often for market territories producing farm, forest, fisheries, and/or mineral products. The size of service areas varies and overlaps, but Seattle, Portland, and Spokane are particularly noteworthy hubs. Tacoma, Bremerton, and Salem, in sharp contrast, have been overshadowed in this function by their larger neighbors. Other MSAs have staked out their own special territories: Boise and Billings, the more easterly regions, and Anchorage, the far north. As the Pacific Northwest grows, more areas are passing thresholds of population density and business activity justifying local-market-oriented manufacturing and provision of specialized services.

Government is big business in the Northwest. Not surprisingly, state capitals in Olympia, Salem, and Boise, state and federal offices in Anchorage, and U.S. Navy activities in Bremerton, place these MSAs at the top of the list for relative dependence on direct government employment.

Given the disparities in size, location, and economic base, markedly different historic growth patterns are not surprising. During the Seventies, the largest metropolitan areas turned in the largest absolute increases. The most rapid rates of growth, however, were in small-to-medium sized areas; for example, the populations of Olympia, Richland-Kennewick-Pasco, Boise, Bremerton, Medford, Anchorage, and Salem each grew by one-third or more during the decade. By comparison, the sixteen metropolitan areas *combined* tallied up population growth of 23 percent, just in line with overall growth of the entire five-state Northwest region.

A FORWARD VIEW

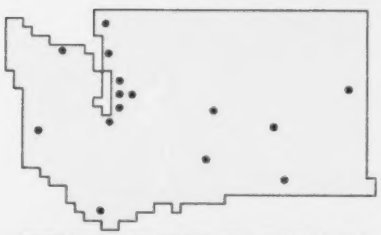
The Pacific Northwest's metropolitan areas will follow separate paths once again in the Eighties. As a group, however, they seem likely once again to grow about at the pace of the overall Pacific Northwest region—a pace that is not expected to match the extraordinary expansion of the Seventies, but which is expected to moderately exceed national trends in jobs and population. Given the poor start in the Eighties increases in the general range of about 13 to 15 percent for population and 15 to 20 percent for jobs look reasonable.

The Pacific Northwest is still a developing region, with a lot of room to grow. The resource base—encompassing agriculture, forest products, fisheries, and minerals—in total remains a firm support to the economy. While some segments have reached long-term plateaus, others are increasingly productive and potentially expandable. The region's diversified manufacturing base continues to grow, and an increasing commitment to technologically-advanced industry will spawn further gains. Development of Pacific Rim trade and the visitor industry are further sources of long-term growth. Although sensitivity to business cycles will remain a problem, industrial diversification and a continuing shift toward trade and service activities will dampen the intensity of cyclical swings as the Pacific Northwest region matures.

PACIFIC 1 NORTHWEST INDUSTRIES

Bulk Rate
U.S. Postage
PAID
Permit No. 1024
Seattle, WA

15 reasons why Seafirst is best for small business.



BUSINESS BANKING CENTERS

Those fifteen reasons are Seafirst's state-wide network of fifteen strategically located Business Banking Centers, where small business is our *only* business.

You have your own Business Banking Officer and a back-up team that also knows your account. You have access to a wide range of other resources such as: merchant and payroll services, and advice on financial management and practical bookkeeping.

Your Seafirst Business Banking Centers. We've done more than specialize in small business. We've made it our *only* business. That's excellence in action.

1 SEAFIRST BANK
Expect excellence.

Call us at:

Aberdeen 532-8040
Ballard 583-3662
Bellevue 583-5374
Bellingham 676-2400
Everett 259-7676
Moses Lake 765-2950
Pasco 547-8471
Port Angeles 457-1121
Seattle 583-4904
Spokane 456-8133
Southcenter 583-6623
Tacoma 593-3324
Vancouver 696-5555
Wenatchee 662-4601
Yakima 575-4533

Economic Research Department, Seafirst Bank, P.O. Box 3977, Seattle, Washington 98124, (206) 583-3314
The Pacific Northwest Industries Summary is sent free of charge upon request. Permission is granted to quote, with credit.